



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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November 19, 2002

The Honorable Charles B. Foley
Chief Judge
County of Loudoun General District Court
6 Court Street
Warrenton, VA 20186

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Loudoun General District Court for the period October 1, 2001 through September 30, 2002.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system; and no instances of noncompliance with applicable laws, regulations, and policies. However, we noted a weakness in internal controls that the Clerk needs to address as described below.

Reconcile Bank Account

The Clerk does not properly reconcile the bank account. The reconciliation process should compare the bank account statement balance to the court's automated accounting system balance to the checkbook balance. The Clerk should identify any differences and resolve or reconcile the differences among the three balances. We noted that the Clerk does not include the checkbook balance in this process, and often does not consider outstanding checks or deposits. Because of these deficiencies, the bank account has not been properly reconciled since June 2001. Failure to reconcile the bank account and resolve any differences can lead to errors and irregularities going undetected. The Clerk should immediately reconcile the bank account and if necessary contact the Supreme Court of Virginia for assistance. Further, we recommend that the

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Supreme Court's Technical Assistance review the Clerk's operations and determine what additional training may be warranted.

We discussed these comments with the Clerk on November 19, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

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cc: The Honorable Julia T. Cannon, Judge
Judy Waddell, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia